

## Message Text

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PAGE 01 SAN JO 00505 061415Z

46

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 INT-05 FEAE-00 CIEP-01

CEA-01 TRSE-00 OMB-01 STR-01 SS-15 CIAE-00 INR-07

NSAE-00 RSC-01 /050 W

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R 061342Z FEB 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9269

INFO AMEMBASSY CARACAS

LIMITED OFFICIAL USE SAN JOSE 0505

E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: VENEZUELA OIL SCHEME

REF: (A) STATE 025596 (B) SAN JOSE A-6 OF JAN 22, 1975

1. EMBASSY HAS REVIEWED PETROLEUM STATISTICS AND CONCURS WITH DEPARTMENT'S ANALYSIS. REBATE SCHEME AS EXPLAINED TO EMBOFF BY STATE REFINERY OPERATIONS MANAGER IS AS FOLLOWS: THE REFINERY PAYS THE FULL PRICE PER BARREL OF IMPORTED CRUDE TO AN ACCOUNT WITH SHELL OF VENEZUELA IN NEW YORK. THE GOVERNMENT OF VENEZUELA IS ADVISED OF THE AMOUNT PAID AND OPENS AN ACCOUNT IN VENEZUELA FOR THE REBATED PORTION, APPROXIMATELY SEVEN DOLLARS A BARREL. THE VENEZUELAN ACCOUNT IS DENOMINATED HALF IN DOLLARS AND HALF IN BOLIVARES. THE GOVERNMENT OF COSTA RICA IS ENTITLED TO BORROW FROM THE VENEZUELAN ACCOUNT FOR COUNTERPART FUNDS FOR DEVELOPMENT PROJECTS. THIS MECHANISM DIFFERS FROM SOME EARLIER PRESS REPORTS INDICATING THAT THE REBATE FUND WOULD BE HELD IN THE CENTRAL BANK OF COSTA RICA. REBATE COVERS CRUDE IMPORTS UP TO 7,300 BARRELS A DAY ONLY.

2. ACTION REQUESTED: PLEASE CHANGE FIRST SENTENCE APPEARING IN PARAGRAPH TWO ON PAGE SIX OF REFERENCE (B) TO READ AS FOLLOWS: QUOTE THE BALANCE OF PAYMENTS EFFECT OF HIGH OIL  
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PAGE 02 SAN JO 00505 061415Z

PRICES WILL BE MITIGATED SOMEWHAT IN 1975 BY A SCHEME UNDER

WHICH VENEZUELA WILL LEND BACK TO COSTA RICA, FOR DEVELOPMENT PURPOSES, ROUGHLY FORTY PER CENT OF WHAT IT PAYS FOR CRUDE OIL IMPORTS. END QUOTE. ALSO CHANGE THE THIRD SENTENCE OF SAME PARAGRAPH TO READ: QUOTE THE NET RESULT OF THE VENEZUELAN SCHEME IS THAT COSTA RICA WILL STILL PAY OVER THREE TIMES AS MUCH FOR ITS CRUDE OIL, BUT IT WILL HAVE TO PAY ONLY PART OF THE INCREASE NOW, WHILE FOR VENEZUELA IMMEDIATE CRUDE OIL PROFITS WILL RISE BY OVER 100 PERCENT, AND IT WILL COLLECT THE REMAINDER OF THE INCREMENT FROM ITS SEVERAL HUNDRED PERCENT PRICE INCREEASE OVER A PERIOD OF YEARS (WITH INTEREST). END QUOTE.

LANE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, ECONOMIC ASSISTANCE, FINANCIAL AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 FEB 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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**Subject:** VENEZUELA OIL SCHEME  
**TAGS:** EFIN, ENRG, CS, VE  
**To:** STATE  
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